

**STATE OF CALIFORNIA HEALTH AND HUMAN SERVICES AGENCY
EDMUND G. BROWN JR, GOVERNOR**

**CALIFORNIA DEPARTMENT
OF ALCOHOL AND DRUG PROGRAMS**

**HIGHLIGHTS OF THE
BUDGET ACT
FISCAL YEAR 2011-12**

JULY 1, 2011

DEPARTMENT OF ALCOHOL AND DRUG PROGRAMS
BUDGET ACT
Fiscal Year 2011-12
-HIGHLIGHTS-

TOTAL BUDGET

The Department of Alcohol and Drug Programs' (ADP) budget for Fiscal Year (FY) 2011-12 is \$630.6 million. This represents a total increase of \$24.5 million [Exhibit D], as compared to the FY 2010-11 Budget Act Appropriation of \$606.1 million. Of the total \$630.6 million, \$588.4 million (93.3%) is for local governments and communities to provide treatment, recovery, and prevention services; and \$42.2 million (6.7%) is for State Support [Exhibit A].

Under the Governor's Realignment Plan, \$183.6 million of General Fund (GF) savings have been realized by realigning the responsibilities and funding for substance use disorder treatment services to the counties. The realignment of these services has been implemented through the establishment of the Local Revenue Fund 2011, Health and Human Services Account, and four substance abuse subaccounts, as follows:

Women and Children's Residential Treatment Services	\$5,104,000
Non Drug Medi-Cal (Regular and Perinatal)	20,533,000
Drug Courts	26,851,000
Drug Medi-Cal (Regular and Perinatal)	<u>131,085,000</u>

Total Realignment Subaccounts	\$183,573,000
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POSITION SUMMARY

The FY 2011-12 Budget Act includes 315.0 positions, which represents a net decrease of 1.5 positions. The budget includes the loss of 2.0 positions associated with the elimination of dollars from the Mental Health Services Fund in ADP's budget for co-occurring disorder activities and the loss of 1.0 expiring limited-term position for complaint investigations. The budget includes 1.5 new positions for five years in support of the federally-funded Strategic Prevention Framework-State Incentive Grant as well as the extension of the following limited-term positions: 4.0 positions for four years to continue administering the federally-funded California Access to Recovery Effort, 2.0 positions for two years to continue the Problem Gambling Treatment Effort, and 1.0 position for two years to continue the legal support for Drug Medi-Cal provider complaint investigations.

GENERAL FUND

The budget includes \$222.4 million (35.3% of the total budget) in GF for ADP programs [Exhibit B]. This amount represents a total increase of \$36.4 million [Exhibit D] as compared to the FY 2010-11 Appropriation. The GF increase is due, in part, to the expiration of increased Federal Medicaid Assistance Percentage (FMAP) rate under the American Reinvestment and Recovery Act (ARRA). The expiration of ARRA returns the FMAP to 50% and results in a dollar-for-dollar shift of expenditures from federal reimbursement to GF. Of the \$222.4 million, \$217.5 million is for Local Assistance and \$5 million is for State Support [Exhibit C]. Of the \$217.5 million in Local Assistance, \$183.6 million represents the GF savings resulting from the realignment of substance use disorder treatment services as summarized below:

REALIGNED SERVICES

Non-DMC Regular and Perinatal Services

The Non-DMC Regular Discretionary Services and associated funding of \$5.2 million have been realigned to the counties starting with FY 2011-12 (Exhibit C). The funding for these services is included in the Nondrug Medi-Cal Substance Abuse Treatment Services Subaccount within the Health and Human Services Account of the Local Revenue Fund 2011.

The Non-DMC Perinatal Services and associated funding of \$20.5 million have been realigned to the counties starting with FY 2011-12 (Exhibit C). The funding for these services is also included in the Nondrug Medi-Cal Substance Abuse Treatment Services Subaccount.

The responsibility and funding for the existing residential perinatal treatment programs known as Women and Children's Residential Treatment Services (WCRTS) has also been realigned to the counties starting with FY 2011-12. The funding is included in the Women and Children's Residential Treatment Services Subaccount.

Drug Court Programs

ADP's Drug Court Programs and associated funding of \$26.851 million have been realigned to the counties starting with FY 2011-12. The funding for these programs is included in the Drug Courts Subaccount within the Health and Human Services Account of the Local Revenue Fund 2011.

Drug Medi-Cal (DMC) Program

The DMC program provides medically necessary substance use disorder treatment services for eligible Medi-Cal beneficiaries. Services include outpatient drug free, narcotic replacement therapy, day care rehabilitative, Naltrexone, and residential services for pregnant and parenting women.

The responsibility and funding of \$131.085 million for DMC Regular and Perinatal Services has been realigned to the counties starting with FY 2011-12. The funding for these programs is included in the Drug Medi-Cal Subaccount. As compared to FY 2010-11 DMC funding, the funding for FY 2011-12 reflects an increase of \$36.5 million in state funds due to caseload and rate changes, as well as Federal Medicaid Assistance Percentage (FMAP) changes. The FMAP is the percentage used to determine the federal share of the Medi-Cal Program. For FY 2011-12, the FMAP returned to 50 percent.

The budget for State Support includes \$7.1 million (\$3.2 million GF) for DMC program support [Exhibit C]. Of the \$3.8 million in Reimbursements, \$613,000 is budgeted for DMC licensing and certification activities which has a budgeted match in the Residential and Outpatient Program Licensing Fund. The State Support GF savings associated with realigned services to the counties will be reflected in budget reductions later in the fiscal year. The remaining post-realignment DMC functions will be transferred to the Department of Health Care Services by no later than July 1, 2012.

PAROLEE SERVICES

The budget continues to include \$33.9 million [Exhibit C] for Parolee Services which is passed through to the Department of Corrections and Rehabilitation.

HEALTH INSURANCE PORTABILITY AND ACCOUNTABILITY ACT (HIPAA)

The budget includes \$1.5 million (\$758,000 GF) in State Support for HIPAA compliance activities [Exhibit C].

PROBLEM GAMBLING PROGRAM

The budget includes \$3.5 million in State Support for problem gambling prevention activities derived from the Indian Gaming Special Distribution Fund (IGSDF) [Exhibit C]. Additionally, the budget includes \$5.0 million to continue the Problem Gambling Treatment Effort for an additional two years. Of the requested \$5.0 million, \$4.0 million is in Local Assistance and \$1.0 million is in State Support.

This budget also includes \$291,000 to continue research and prevention services for problem and pathological gamblers. Of the \$291,000, \$166,000 is derived from the collection of fees from licensed card rooms to be deposited into the Gambling Addiction Program Fund. The remaining \$125,000 is reimbursement from the California State Lottery [Exhibit C].

FEDERAL FUNDS

The budget includes \$260.1 million in Federal Trust Funds, which represents approximately 41.2 percent of ADP's total budget [Exhibit B].

Substance Abuse Prevention and Treatment (SAPT) Block Grant

The budget includes \$256.3 million for the SAPT Block Grant [Exhibit C]. Of this \$256.3 million, \$2.0 million continues to be transferred to the Department of Public Health for SYNAR-related activities in compliance with the requirements established for the Sale of Tobacco to Minor Control Account. The remaining \$254.3 million SAPT Block Grant dollars consist of \$236.2 million for Local Assistance and \$18.1 million for State Support [Exhibit C].

The SAPT Block Grant award funding level for the FFY 2011 Federal Appropriation is \$249,428,956 which represents a decrease of \$2,230,149 from the FFY 2010 award.

SAPT Maintenance of Effort (MOE) Requirement

As a condition of receiving SAPT Block Grant funds, ADP must meet the MOE grant requirement, which requires ADP to maintain non-federal expenditures for substance abuse prevention and treatment services at a specific level. The MOE Requirement is derived from a mathematical computation in which the current year's non-federal expenditures cannot be less than the average of those expenditures for the two preceding state fiscal years.

The SAPT MOE Requirement for FY 2011-12 is \$207.8 million based on the budgetary expenditures through FY 2010-11. The FY 2011-12 budget for substance abuse non-federal expenditures is \$241.2 million, which exceeds the State's SAPT MOE Requirement by \$34.8 million.

Safe and Drug Free Schools and Communities (SDFSC) Grant

The budget reflects the loss of \$7.0 million due to the loss of the federal appropriation in FFY 2010.

Screening, Brief Intervention, Referral, and Treatment (SBIRT) Grant

The budget reflects the loss of \$2.9 million associated with the expiration of the federal SBIRT Grant.

Strategic Prevention Framework-State Incentive Grant Program

The budget includes \$1.9 million for the federal Strategic Prevention Framework-State Incentive Grant (SPF-SIG). The SPF-SIG provides discretionary grant funding to increase the use of data from public health research to guide planning, lead to the selection of evidence-based prevention programs and provide evaluation activities to ensure the anticipated result. The proposed budget includes \$1.7 million in Local Assistance, and \$204,000 in State Support [Exhibit C].

Access to Recovery (ATR) Grant

The budget includes \$3.4 million annually for a third round of federal funding for the California Access to Recovery Effort (CARE) program. The CARE program provides youth treatment services in select counties. Of this \$3.4 million, \$2.5 million is for Local Assistance and \$879,000 is for State Support [Exhibit C].

MENTAL HEALTH SERVICES ACT (PROPOSITION 63)

The budget reflects the elimination of 2.0 positions and \$301,000 in previous funding from the Mental Health Services Fund in support of co-occurring disorder activities.

RESIDENTIAL AND OUTPATIENT PROGRAM LICENSING FUND

The budget includes \$4.5 million from the collection of fees in support of existing licensing and certification activities [Exhibit C].

PAROLEE SERVICES NETWORK

The budget includes \$11.2 million in reimbursements from the California Department of Corrections and Rehabilitation. Of the total \$11.2 million, \$10.7 million is for Local Assistance and \$477,000 is for State Support.

WELFARE REFORM – CALIFORNIA WORK OPPORTUNITY AND RESPONSIBILITY TO KIDS (CALWORKS)

Substance abuse can limit or impair a CalWORKs participant's ability to make the transition from welfare to work, or retain long term employment. The Budget Act of 2011 appropriates \$49.444 million to the Department of Social Services (DSS) for the provision of treatment and recovery services to CalWORKs recipients for whom substance abuse is a barrier to employment. This represents an increase of \$0.441 million from the FY 2010-11 Appropriation. The CalWORKs funds for substance abuse will continue to be specifically identified in DSS' county allocation.

In addition to the allocation for Substance Abuse Services (SA), counties receive an allocation for Mental Health Services (MH) for CalWORKs participants. These funds are provided for the treatment of mental or emotional difficulties that may limit or impair a CalWORKs participant's ability to make the transition from welfare to work or to retain employment. The Budget Act of 2011 appropriates \$74.973 million to DSS for CalWORKs Mental Health Services. This represents an increase of \$3.053 million from the FY 2010-11 Appropriation. Counties continue to have the flexibility to move funds between these two allocations. Counties will continue to have the flexibility to use these funds for other CalWORKs employment services for welfare-to-work activities until June 30, 2012.

The total allocation for SA and MH is \$124.417 million. The Budget Act of 2011 includes a reduction of \$5 million dollars to the SA and MH allocation, leaving a combined total of \$119.417 million.

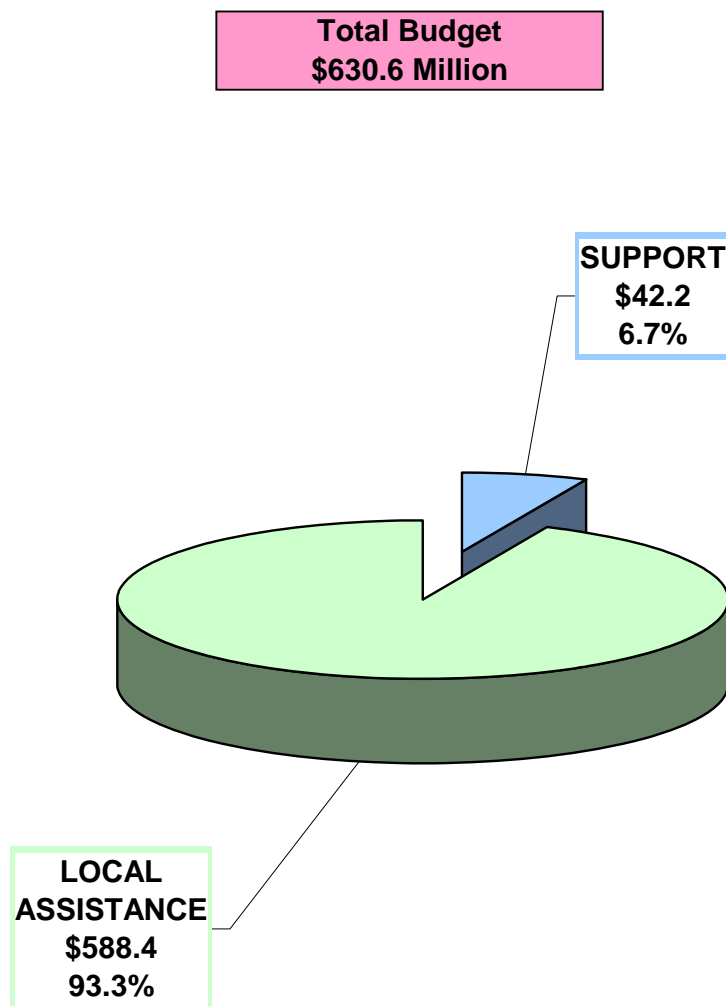
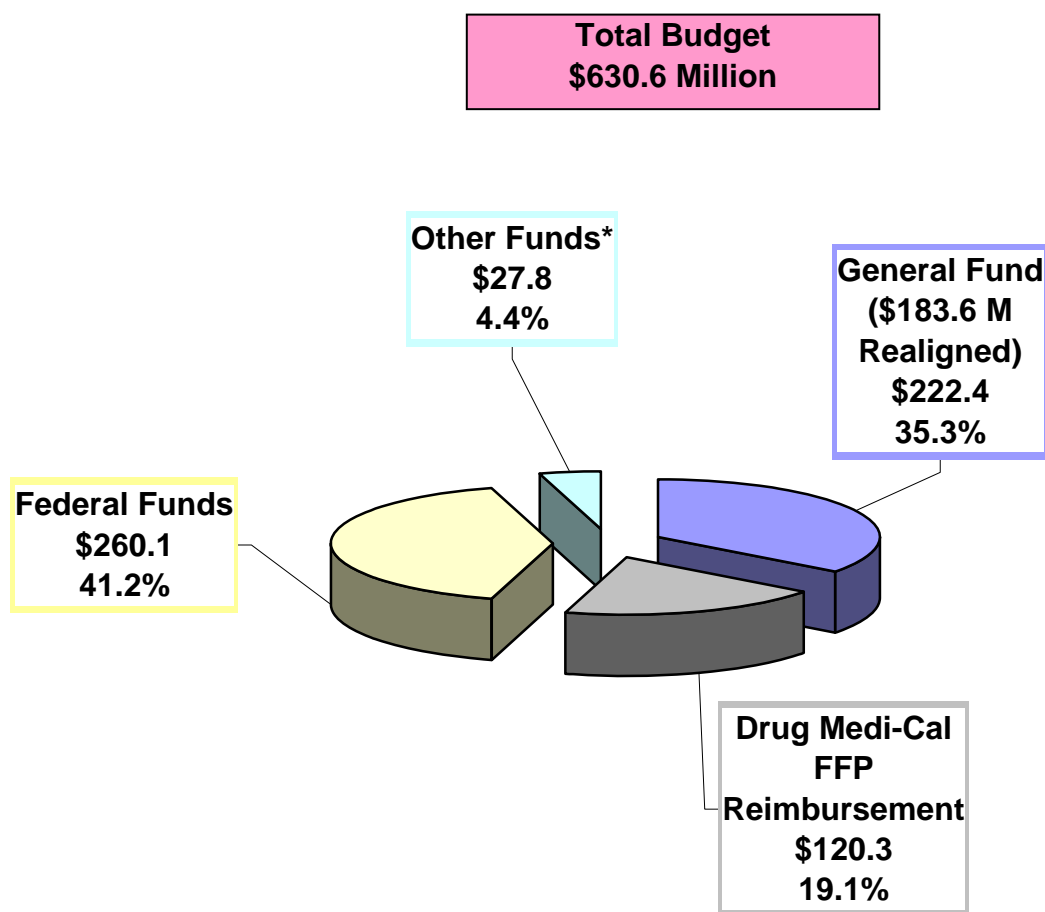
Exhibit A**Department of Alcohol and Drug Programs
Budget Act
Fiscal Year 2011-12****Budget by Category**
(\$ In Millions)

Exhibit B

Department of Alcohol and Drug Programs Budget Act Fiscal Year 2011-12

Budget by Fund Source (\$ In Millions)



* "OTHER FUNDS" INCLUDES: DRIVING-UNDER-THE-INFLUENCE LICENSING TRUST FUND, NARCOTIC TREATMENT PROGRAM LICENSING TRUST FUND, AUDIT REPAYMENT TRUST FUND, INDIAN GAMING SPECIAL DISTRIBUTION FUND, MENTAL HEALTH SERVICES FUND, RESIDENTIAL OUTPATIENT PROGRAM LICENSING FUND, GAMBLING ADDICTION PROGRAM FUND, REIMBURSEMENTS FROM THE CALIFORNIA DEPARTMENT OF CORRECTIONS AND REHABILITATION AND THE LOTTERY COMMISSION, AND OTHER MISCELLANEOUS REIMBURSEMENT AUTHORITY.

EXHIBIT C
DEPARTMENT OF ALCOHOL AND DRUG PROGRAMS
FY 2011-12 BUDGET ACT

(\$ IN THOUSANDS)

FUNDING SOURCE	CATEGORY		TOTAL BUDGETED EXPENDITURES	% of TOTAL EXPENDITURES
	SUPPORT	LOCAL ASSISTANCE		
General Fund <i>(\$183.6 M - Realigned Services)</i>	\$4,960	\$217,473	\$222,433	35.27%
Non-Drug Medi-Cal Regular	\$0	\$5,189	\$5,189	0.82%
Non-Drug Medi-Cal Perinatal	\$0	\$20,448	\$20,448	3.24%
Drug Court Partnership Act	\$250	\$6,840	\$7,090	1.12%
Comprehensive Drug Court Implementation Act	\$491	\$15,691	\$16,182	2.57%
Dependency Drug Court	\$228	\$4,320	\$4,548	0.72%
Parolee Services	\$0	\$33,900	\$33,900	5.38%
Drug Medi-Cal Regular	\$3,032	\$128,537	\$131,569	20.86%
Drug Medi-Cal Perinatal	\$201	\$2,548	\$2,749	0.44%
HIPAA	\$758	\$0	\$758	0.12%
Driving-Under-the-Influence Program Licensing Trust Fund	\$1,693	\$0	\$1,693	0.27%
Narcotic Treatment Program Licensing Trust Fund	\$1,377	\$0	\$1,377	0.22%
Indian Gaming Special Distribution Fund	\$4,457	\$4,000	\$8,457	1.34%
Audit Repayment Trust Fund	\$72	\$0	\$72	0.01%
Gambling Addiction Program Fund	\$166	\$0	\$166	0.03%
Residential and Outpatient Program Licensing Fund (ROPLF)	\$4,461	\$0	\$4,461	0.71%
Federal Trust Fund	\$19,629	\$240,434	\$260,063	41.23%
Substance Abuse Block Grant	\$20,075	\$236,188	\$256,263	40.63%
Sale of Tobacco to Minors Control Account (SAPT)	-\$2,000	\$0	-\$2,000	-0.32%
Uniform Data Systems	\$321	\$0	\$321	0.05%
Access to Recovery Grant	\$879	\$2,508	\$3,387	0.54%
State Epidemiological Outcomes Workgroup (SEOW)	\$150	\$0	\$150	0.02%
Strategic Prevention Framework-State Incentive Grant (SPF-SIG)	\$204	\$1,738	\$1,942	0.31%
Reimbursements	\$5,425	\$126,488	\$131,913	20.92%
DHCS: Drug Medi-Cal Regular	\$3,032	\$113,133	\$116,165	18.42%
DHCS: Drug Medi-Cal Perinatal	\$201	\$2,548	\$2,749	0.44%
DHCS: DMC Licensing	\$613	\$0	\$613	0.10%
DHCS: Drug Medi-Cal HIPAA	\$758	\$0	\$758	0.12%
CDCR: Parolee Services Network	\$477	\$10,707	\$11,184	1.77%
Lottery Commission: Problem Gambling	\$125	\$0	\$125	0.02%
Other	\$219	\$100	\$319	0.05%
TOTALS	\$42,240	\$588,395	\$630,635	100.00%

Shaded General Fund areas represent the realigned services to be funded out of the newly established Local Revenue Fund 2011 for substance use disorder treatment services.

EXHIBIT D
Department of Alcohol and Drug Programs
Comparison
FY 2010-11 Budget Act vs. FY 2011-12 Budget Act
(\$ IN THOUSANDS)

FUNDING SOURCE	FY 2010-11 BUDGET ACT	FY 2011-12 BUDGET ACT	DIFFERENCE
General Fund	\$186,082	\$222,433	\$36,351
Non-Drug Medi-Cal Regular	\$5,189	\$5,189	\$0
Non-Drug Medi-Cal Perinatal	\$20,448	\$20,448	\$0
Drug Court Partnership Act	\$7,106	\$7,090	-\$16
Comprehensive Drug Court Implementation Act	\$16,217	\$16,182	-\$35
Dependency Drug Court	\$4,548	\$4,548	\$0
Parolee Services	\$33,900	\$33,900	\$0
Drug Medi-Cal Regular (Caseload Estimates)	\$91,885	\$128,537	\$36,652
Drug Medi-Cal Perinatal (Caseload Estimates)	\$2,671	\$2,548	-\$123
Drug Medi-Cal State Support	\$3,333	\$3,233	-\$100
HIPAA	\$785	\$758	-\$27
Driving-Under-the-Influence Program Licensing Trust Fund	\$1,687	\$1,693	\$6
Narcotic Treatment Program Licensing Trust Fund	\$1,418	\$1,377	-\$41
Indian Gaming Special Distribution Fund	\$8,484	\$8,457	-\$27
Audit Repayment Trust Fund	\$71	\$72	\$1
Mental Health Services Fund (Prop 63)	\$301	\$0	-\$301
Gambling Addiction Program Fund	\$166	\$166	\$0
Residential and Outpatient Program Licensing Fund	\$4,479	\$4,461	-\$18
Federal Trust Fund	\$272,035	\$260,063	-\$11,972
Substance Abuse Block Grant	\$258,797	\$256,263	-\$2,534
Sale of Tobacco to Minors Control Account (SAPT)	-\$2,000	-\$2,000	\$0
Safe and Drug Free Schools & Communities Grant	\$7,026	\$0	-\$7,026
Uniform Data Systems	\$327	\$321	-\$6
Access to Recovery Grant	\$4,839	\$3,387	-\$1,452
SBIRT Grant	\$2,889	\$150	-\$2,739
State Epidemiological Outcomes Workgroup (SEOW)	\$157	\$204	\$47
Strategic Prevention Framework-State Incentive Grant (SPF-SIG)	\$0	\$1,738	\$1,738
Reimbursements	\$131,397	\$131,913	\$516
DHCS: Drug Medi-Cal Regular (Caseload Estimates)	\$111,357	\$113,133	\$1,776
DHCS: Drug Medi-Cal Perinatal (Caseload Estimates)	\$3,633	\$2,548	-\$1,085
DHCS: Drug Medi-Cal State Support	\$3,994	\$3,846	-\$148
DHS: HIPAA	\$785	\$758	-\$27
CDC: Parolee Services Network	\$11,184	\$11,184	\$0
Lottery	\$125	\$125	\$0
Other	\$319	\$319	\$0
TOTALS	\$606,120	\$630,635	\$24,515